

row's case is kept alive in order to furnish news material with a view to influencing the trial of labor union officials now on in Indianapolis, and will be dropped when that case ends; or else that private interests are hounding Darrow for purposes of revenge or coercion. The indications of private detective influences and official bad faith in this case are obtrusive, when the flimsy testimony against Darrow at his former trial is considered.



Secretary of the Interior.

Joseph N. Teal of Portland, Oregon, is an applicant for appointment by the President-elect, to the office of Secretary of the Interior. Mr. Teal was conspicuous, at the Oregon election on the question of land monopoly, in misleading Oregon voters in the interest of Oregon land-monopolists. Doesn't that disqualify him for the office he seeks? As President Wilson's Secretary of the Interior will have great influence in giving color and direction to the policy of the incoming administration with reference to public lands and the relation of land monopolists thereto, the office of Secretary of the Interior is the last office of all for Mr. Teal to be trusted with, whatever his claims to official recognition may be.



THE CANAL TOLLS AND THE CONSUMER.

It is from the pockets of the consumers of the United States that money is being taken to build the Panama Canal. The great majority of those pockets are overall-pockets, jeans-pockets, and the pockets of cheap clothes, and most of the money is moist with the sweat of toil.



Our recent Congress, considering the matter of tolls, debated at great length England's rights in the premises. There were voices to speak for the great railroads, and potent influences were at work for the shipping interests; but it is a curious fact that, in all this powerful legislature supposed to represent the masses of the people, there should have been wanting one man to rise in his place to demand that the consumers of the United States, who are actually building the Canal, be considered first.

Yes, the people are paying for the Canal. Furthermore, they are paying the salaries of Senators and Congressmen who are supposed to represent them. And yet, when this very vital matter of

tolls was before Congress, the people were left without intelligent and effective representation.

The still more peculiar thing about it is that the people do not yet seem to realize that they have been misrepresented and defrauded. How long will it be before people generally will come to know that the granting of a privilege to any person, corporation, interest, or set of interests, is in truth what it purports to be, a *privilege*, a *gift*, a value that can be capitalized, and that a value passed from giver to recipient means that the giver is just that much poorer and the recipient that much richer?



That vessels engaged in the coast-wise trade are granted the privilege of using the Canal without paying tolls means merely that the individuals, corporations, interest, or set of interests engaged in this trade have been given a handsome present by the people of the United States, and that the people of the United States are poorer by the value of this gift, and the donees richer by just that value.

Does anyone suppose that freight rates will be cheaper on account of this remission of tolls? Is it possible that the interests affected are so stupid as not to have an understanding as to the rates to be charged? Is it conceivable that, having secured a valuable privilege, these interests are voluntarily going to destroy its value?

To open the Canal to the shipping trade of the world on equal terms would secure to the people of the world the benefits of the Canal, as a world shipping trust can hardly be organized in the present state of that business. The time may come when there will be such a trust, and at that time, of course, the freedom of the Canal would become its asset. That is a contingency, however, to be met by the generation which develops that trust. What we, the people of the United States, are concerned with at the present time is the fact that our representatives have made a valuable gift to certain restricted interests which, if not already organized, will certainly be organized so as to make the gift valuable before a ship ever passes through the Canal.



The Canal should not be opened without restriction to the shipping interests of the world. The people of the world are not paying for the Canal; it is the people of the United States who are building it, and it is the people of this nation who should receive the immediate returns, at least to the point of being reimbursed for the actual outlay.

The question is: How can the people of the United States, the tax-payers of this country who wear overalls and jeans, as well as their silk-hatted brethren, be reimbursed each for his proportionate share of the expense of building this canal?

The solution can be stated in a few words.

Let every pound of freight passing through the Canal and destined for United States ports be toll-free.

An effective method of securing this end would be to charge for all freight passing through the Canal, and remit the charge on all freight unloaded in United States ports upon presentation of the receipt for the Canal-toll.

This plan would open the Canal to the shipping interests of the world, and since there is no world's shipping trust, competition would give the consumers of the United States a lower price upon all commodities passing through the Canal, the prices of which are now governed by competition. Operated over a period of years this plan would make a return to the people who had built the Canal of the money expended by them in this enterprise; and that is absolutely the only way in which this just reimbursement can be effected.

Exact justice would demand that no further tolls be charged, except for maintenance and operation, when the people of the United States have thus charged the other peoples of the world, through tolls, their proportionate share of the money required to build the Canal.



In order to get this matter clearly in mind, let us suppose the case of ten neighboring communities of a mountainous country, a group of five being separated from the other group of five by a deep canyon necessitating a circuit of twenty miles for all wagons passing from one group of communities to the other. For convenience in reference, let us call the groups Nos. 1 and 2, and number the communities 1, 2, 3, 4, etc. Suppose that community No. 4 of Group No. 1 is enterprising enough to bond itself for the construction of a bridge across the canyon, thus uniting Group No. 1 with Group No. 2, and cutting out the twenty-mile circuit between the two groups. The first question to settle after the construction was completed would naturally be the matter of tolls.

Special interests would certainly be represented in the council of community No. 4. The smooth, fluent representative of the teaming interests, for example, would say: "We built the bridge and we should be entitled to the benefits. The teaming interests of this community should be allowed to

take wagons across the bridge toll-free." And he would proceed to elaborate this argument. But notice the neat substitution. The "we" in the premise becomes the "teaming interests" or the "teamsters" in the conclusion.

There is a hard-headed councilman, however, who opposes this arrangement. His talk runs something like this: "Fellow members of the Council, the gentleman who has preceded me says the truth in stating that we built the bridge. We did build the bridge. All of us. The taxpayers of the community are furnishing the money to pay the interest and the sinking fund of the bonds we voted. But he slips a cog in arguing from this fact that the teaming interests of this community should be exempt from payment of tolls. The teamsters did not build the bridge any more than the brick masons, the carpenters, the merchants and the lawyers. We all built the bridge. We should, therefore, all participate in the benefits of it. Our trade is large with the other communities across the canyon, and unless this trade can be cheapened, our enterprise will fail of its purpose. To grant our teaming interests free use of the bridge would certainly not secure this end. They are fairly well organized now, and this arrangement would surely invite them to have an understanding as to the prices to be charged. This being true, under the arrangement the gentleman suggests, we would merely make the teaming interests a present of the bridge. How much more reasonable it would be, how much less liable to create monopoly, and how much more likely to encourage healthful competition, to simply stipulate that all goods hauled into this community over the bridge shall come in toll-free! This would leave the teamsters of other communities free to compete, and it would insure that the people of this community who built the bridge would not pay any toll on the goods we buy from across the bridge. In charging toll on goods hauled into other communities, we are compelling them to put up their just share of the expense of building the bridge. There being ten communities participating equally in the benefits of this enterprise, when we have paid off nine-tenths of the bonds and interest with toll-money, it will be a sign that the other communities have put up each its proportionate share, and then the toll should be reduced to an amount which will cover the up-keep of the bridge. This, it seems to me, is dealing exact justice in the matter."

Apply this example, step by step, to the building of the Panama Canal, and it will be seen to be a parallel case.

Every pound of freight unloaded in United States ports and destined for the American consumer, should pass through the Canal toll-free.

R. BEDICHEK.

EDITORIAL CORRESPONDENCE

THE TAX QUESTION IN LOUISIANA.*

New Iberia, La.

Louisiana has just passed through a campaign which for a time gave promise of placing it among the more progressive States in the Union as regards taxation. But the special interests became active and defeated the proposition by a large majority.



More than six years ago, at the request of Governor Blanchard, the legislature authorized the appointment of a tax commission of fifteen members to suggest an improved system of taxation. The chairman was Edgar H. Farrar, recently President of the American Bar Association, a man with Freetrade tendencies and a personal friend of Thomas G. Shearman. The Secretary, David Blackshear, is a Singletaxer and did much to incline the work of the commission towards more modern lines. Among the members were two strong and forceful Singletaxers, namely, Hampton Carver of Natchitoches, and Solomon Wolf of New Orleans. Mr. Carver is doubtless the best authority on taxation in this State. These two being the best posted members of the Commission, were able largely to direct its proceedings. They finally wrote most of the report to the legislature.

The report was immediately recognized as an able presentation of the subject.

Among other changes, it recommended the segregation of State from local sources of taxation, and a large measure of home rule in taxation for the various localities.

Governor Sanders, whose term began with the filing of the tax report, gave reason to hope that a special session of the legislature would be called to act upon it. Little was accomplished, however, during his administration, save agitation.



In Louisiana the Democratic nomination is equivalent to election; and in 1911, during the campaign to elect Governor Sanders' successor, the three candidates for the Democratic nomination, including the successful one, Judge Hall, openly pledged themselves to tax reform. Accordingly, before the convening of the legislature last May, Governor Hall urged the question. As a result, a second Commission was appointed to prepare amendments to the Constitution and to report them to a special session of the legislature for submission to a vote of the people at the election of November 5.

Among the thirty-two members composing the second Commission, which met late in July, was Mr. Hampton Carver, above mentioned; also Mr. Edgar H. Farrar, who again became chairman, and Mr. David Blackshear, again secretary. Another member

was Dr. Morton Aldrich, a professor at Tulane University, who has also given considerable study to the problem. These became the leaders in the work of the second Commission.

At present our State derives its revenue chiefly from the general property tax, with the requirement that taxation be equal and uniform, and a system of occupation or license taxes; there being also some minor sources of revenue.

When the second Commission assembled last July, Mr. Carver proposed that it simply suggest the expunging from the Constitution of its many restraints upon the legislature in reference to tax matters, he contending that it is within the province of the people, through their representatives, to adopt and modify their tax laws at pleasure, without the hindrance of Constitutional prohibition. The majority, however, were opposed to this. Several amendments were therefore prepared, embodying in detail the proposed system of taxation. After much discussion and many changes, all these amendments were reported to the legislature by the unanimous vote of the Commission.

The legislature, in special session, after some further minor changes, submitted the propositions to a vote of the people at the November election.

While the proposed system contained many features justly open to criticism, as a whole it was a great improvement over what we now have. The amendments proposed the segregation of sources of State revenue from those of local taxation, the State drawing its support chiefly from taxes upon public service corporations, banks, mines, oil wells, and some other subjects designated, and from an inheritance tax. All subjects not thus segregated were reserved to the local authorities, including lands, improvements and personality. On these, the State could impose no tax. The State was also prohibited from imposing license taxes, save on the liquor business and occupations particularly requiring police regulations. The local authorities could impose licenses on these, and also on some other occupations, but only under such restraints that it would be impracticable in most cases for them to attempt to impose licenses on occupations other than those permitted by the State. The amendments also provided for geographical arrangements of assessments, to be published in pamphlets; that improvements should be assessed separately from the land; and that improvements and personality might, at the option of the taxing body, be assessed on a lower basis than land values. To this last clause there was no limitation, so that improvements and personality might have been relieved almost wholly of taxation, and the burden thrown on land values, as soon as the people were brought to a realization of the advantages of this system. The amendments also proposed the exemption from taxation of all money; also, of improvements to be erected by immigrants on their homesteads; and, by vote of the people of any community, the exemption of improvements to the amount of \$2,000 on any property actually occupied by the owner as a home.

The foregoing provisions were great improvements over our present tax system, and justified hearty support of the measure by tax reformers. However, the proposed system contained many objectionable

*See Public of November 29, page 1138.